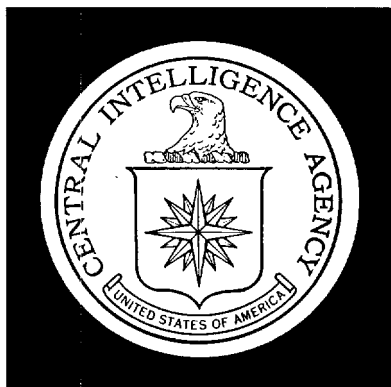


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DIRECTORATE OF  
INTELLIGENCE

# *WEEKLY SUMMARY*

**Secret**

22 October 1971

No. 0393/71

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Navy review  
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**CONTENTS**  
*(Information as of 1200 EDT, 21 October 1971)*

India-Pakistan: Major Military Moves . . . . .	1
Communist China: Focus on Lin Piao . . . . .	3

**FAR EAST**

UN: China Debate Begins, Outcome Uncertain . . . . .	5
Indochina: North Vietnam; South Vietnam; Cambodia [ ] . . . . .	5
[ ]	
South Korea: Down But Not Out . . . . .	11
Philippines: Marcos' Lease on Presidential Palace . . . . .	12

25X1  
25X6

**EUROPE**

[ ]
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25X6

USSR-France: Brezhnev Tests His Wings . . . . .	16
Soviet Politburo OKs Five-Year Plan . . . . .	16
France: Restless Youth in the Assembly . . . . .	17
Yugoslavia: Reform Breeds Reform . . . . .	18
Sweden: Palme Primes the Pump . . . . .	19
Denmark: Krag Gets Running Start . . . . .	20

25X1

[ ]
-----

**MIDDLE EAST - AFRICA**

Sudan: Numayri Strengthens His Hold . . . . .	21
Progress in Iraqi National Oil Industry . . . . .	21
Ceylon-USSR: Strains in Relations . . . . .	23
Burundi: The President Strikes Back . . . . .	24

25X1

[ ]
-----

**WESTERN HEMISPHERE**

Balaguer's Masterstroke . . . . .	25
-----------------------------------	----

25X1

[ ]
-----

International Developments: More Oil Talks; More Monetary Talks . . . . .	27
---	----

NOTES: UN - South-West Africa; Trinidad-Tobago

25X1

[ ]
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**SECRET**

**SECRET****India-Pakistan: *Major Military Moves***

Although Prime Minister Gandhi and President Yahya have both reiterated that they do not intend to start a war, military moves by both countries have significantly raised the level of tension. Both sides are in a high state of readiness, and there is a growing danger that major hostilities could result from miscalculation—the sudden escalation of a local skirmish or fears by either side of the other's intentions. Hostilities could also follow increased successes by the guerrillas in East Pakistan and a resultant attack by Pakistani forces on the guerrilla bases in India, which in turn could lead to an Indian response. Pakistani efforts to infiltrate agents into Indian-held Kashmir could also lead to war, as happened in 1965. Both countries have sharply stepped up their accusations of provocative activity by the other side, and there is a growing tendency by both Indian and Pakistani officials to regard war as inevitable.

Indian newspapers have recently been headlining stories of Pakistani troops massing on the border, and the Indians are taking measures of their own. The Indian Defense Ministry told the press that the key 1st Armored Division is moving toward West Pakistan.

The Indian military may well believe that war is imminent.

the Indians have known about Pakistan's troop movements since at least 4 October. The delay in their reaction suggests that there may be other reasons for their current expression of concern. By making it appear that the only alternative is war, they could be trying to force Western nations to increase pressures on Yahya to find a political solution. New Delhi could also be preparing for a Pakistani reaction to the expected guerrilla offensive in East Pakistan.

Prime Minister Gandhi and other Indian officials insist that current Indian troop movements are purely defensive, made necessary by Pakistani moves. Mrs. Gandhi told a New Delhi press conference on 19 October that India hopes to avoid war, but she added that a withdrawal of Indian troops from border positions is unlikely and not

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**SECRET****Will It Happen Again?****(Indian and Pakistani troops in the war of 1965)**

plausible. She cited a reported "Hate India" campaign among the people near West Pakistan's border area, and pointed out that a pullback by both sides to normal positions would leave Indian troops much farther from the border than Pakistani units. Mrs. Gandhi reiterated that she does not share Yahya's stated willingness to meet with her; Yahya, she said, should negotiate directly with East Pakistan's elected leaders. Defense Minister Jagjivan Ram told a political rally on 17 October that, if war breaks out, India will not relinquish any territory it captures from Pakistan.

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In any case, India's moves are probably viewed in Islamabad as an indication that New Delhi is getting ready to attack and could well spark further military preparations by the Pakistanis. As the number of troops facing each other across the border increases and tensions grow more acute, there is a rising risk of accidental war

growing out of a clash initiated by a local commander.

President Yahya, according to Pakistan's official news service, offered to withdraw Pakistani troops from forward border positions if India would pull back its forces and cease provocative activities. Yahya made his proposal at a meeting with Soviet President Podgorny during the anniversary festivities in Iran last week. In an interview with *Le Monde*, Yahya said he also told Podgorny that Pakistan is conscious of India's military superiority and has no intention of starting a war.

[redacted] Yahya may also have decided to let the current legal proceedings against imprisoned East Pakistani leader Mujibur Rahman remain in abeyance and may even be having discussions with Mujib. [redacted]

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**SECRET****Communist China: *Focus on Lin Piao***

It is becoming more likely that the central theme of the shadowy political drama in Peking revolves around the future political role of Defense Minister Lin Piao. The possibility that a sudden decline in the health of Mao's heir-designate is a factor that cannot yet be ruled out, but the diminishing public attention accorded Lin in recent weeks seems to go beyond what would be required if his problems were purely physical.

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~~The recent disappearance of many Lin quotations from billboards in Peking,~~ the failure to publicize protocol toasts to Lin, and the omission of references to him in domestic propaganda since 8 October all seem more indicative of some effort to alter the prescription for the succession to Mao. If such a struggle is still in process, Lin may not yet be out of the picture. Nevertheless, it seems highly likely that major changes in the Peking pecking order are in the offing. These may involve an alteration in Lin's status and that of the other top military leaders on the politburo who have been absent from public view since the current round of troubles began.

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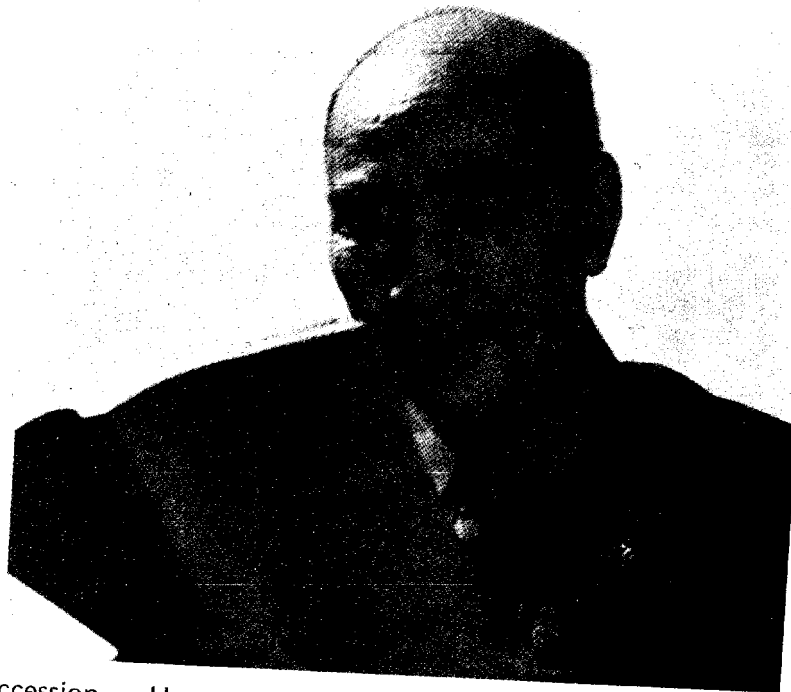
some elements in the leadership may have posed a challenge to Lin's position as the sole party vice chairman. If Lin's physical inability to carry on with his duties were the only question, it seems unlikely that Peking would omit references to him while a new power equation was being worked out. Previous indications that Lin's special status was being played down—on the occasion of the 50th anniversary of the party last July, and again during the major Army Day celebration on 1 August—increase the likelihood that there is a political controversy over his future position.

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The regime's failure to convene the oft-postponed National People's Congress, which was to approve a new state constitution reaffirming Lin's position

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**Lin Piao:  
Lost in Mao's Thought?**

as heir, may also indicate that the succession formula set forth two years ago in the party constitution no longer stands.

Controversy over the succession also may explain the continued absence of four of the top-ranking military leaders on the politburo. Army Chief of Staff Huang Yung-sheng, air force commander Wu Fa-hsien, navy commissar Li Tsopeng, and the former commander of the Nanking Military Region, Hsu Shih-yu, would all be involved in a controversy over collective leadership.

Huang, who ranks immediately below Lin in the military hierarchy, would be a logical candidate to play the role of "king maker," and there are signs he may still be active behind the scenes. On the other hand, the prolonged military air stand-down may be an indication that Wu Fa-hsien's position is in jeopardy. In any case, the resolution of the political fate of these leaders would be a crucial element in solving any succession problem.

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## FAR EAST

### UN: *China Debate Begins, Outcome Uncertain*

Debate in the General Assembly on Chinese representation got under way this week, with over 70 countries inscribed to speak at least once. The speeches so far have produced few surprises and probably have had little effect on the relatively few undecided members. The pro-Peking camp has stressed that the dual representation solution favored by the US would effectively result in the continued exclusion of the Chinese Communists. The Nationalists maintain that Peking does not meet the "peace-loving" requirement in the UN Charter.

The first vote, probably early next week, presumably will be on whether to give priority to the US resolution that would make Taiwan's expulsion an Important Question requiring a two-thirds majority. A number of countries that will support the US on the priority issue will not

vote for the resolution itself, however, and the outcome is wholly uncertain.

If the Important Question loses, the supporters of Taipei will be hard put to find a way to prevent its expulsion. If the Important Question wins and the Albanian resolution is then brought to a vote in its present form, it will likely fail for lack of the requisite two-thirds vote. In that event, the US would hope to obtain a simple majority for its resolution.

Given the complex parliamentary situation, however, there are a number of other possible outcomes, depending on how the vote on the Important Question comes out. Maneuvering could delay a decision for days after voting begins.

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## Indochina

### North Vietnam: Still Apprehensive

Hanoi is taking the news of President Nixon's intended visit to Moscow calmly, at least on the surface. It has not repeated the polemics that followed the announcement Peking would host the President. The Vietnamese Communist press is silent, and spokesmen in Paris are minimizing the significance of Moscow-Washington summitry in terms of the Vietnam war. The Soviets, as the Chinese did in the wake of the announcement of the Peking visit, are making special efforts to reassure the Vietnamese that their interests will be protected.

This does not mean, however, that Vietnamese suspicions of Moscow and Peking have been allayed. The Vietnamese have leaned heavily on

Sino-Soviet rivalry to give them a free hand in pursuing their own goals in the war, and they naturally fear any prospect that Peking and Moscow might put their own interests above those of Hanoi in summit talks with the US.

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There is no reason to believe that the Vietnamese look with any less suspicion on high-level Soviet contacts with the US. North Vietnam's

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anticipation of US talks with Moscow as well as with Peking probably was responsible for the references to "big power politics" in Hanoi's propaganda commentary following the announcement that President Nixon would go to Peking. Moscow at the time showed some sensitivity to the Hanoi charges and rebroadcast the polemical outpourings only selectively, deleting the most pointed references to big power politics.

like to find men able to deal more effectively with the National Assembly, where the opposition is stronger than in the past.

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Thieu may conclude that the need for major changes has diminished because criticism of the presidential election has died away and the opposition has fallen into disarray.

### South Vietnam: Government Reorganization

Salon political circles are buzzing with rumors of a cabinet reshuffle and other high-level government shifts.

at the end of the month. Thieu probably will follow his usual pattern of moving very slowly and cautiously even though he has begun to discuss possible changes with his advisers. Moreover, as in past government reorganizations, the changes may be designed primarily to improve administrative efficiency rather than to broaden the political base.

Although the President probably has not made up his mind about specific changes, Prime Minister Khiem is likely to remain because there is no other qualified candidate. Khiem's future has been in doubt as a result of his private criticism of Thieu's election tactics.

Organizational and personnel changes within the office of the President are also under consideration.

he hopes to put together a team that is more skilled in politicking. In particular, he apparently would

Radical elements, which were able to achieve a measure of cooperation in mounting protests prior to the election, appear to be splitting apart because of personality conflicts among their leaders and because their interests no longer coincide. In particular, Ky's efforts to forge a broad coalition of opposition groups appear on the verge of collapse. Some groups in Ky's organization have become inactive and others have left to join a rival coalition set up by the An Quang Buddhists.

the vice president himself is putting up a brave front. He has not taken an active role in leading his organization since the election, however, and some of his associates believe his

This week, Ky issued a statement denying press reports that he would leave Vietnam after his term expires at the end of the month.

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**SECRET***Enemy Intentions in Tay Ninh*

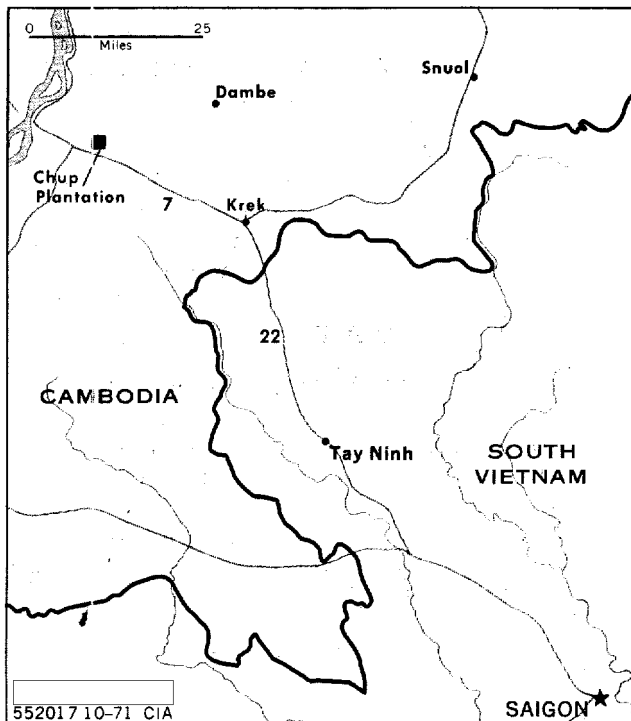
The movement of Communist main force units from Cambodia into the northwestern Tay Ninh Province - Cambodian border area, together with attacks against Saigon forces there during the past week, raises the question of future tactical and strategic objectives of the Communist units.

It appears right now that their primary concern is to protect their position in Cambodia and their major supply channels to southern South Vietnam. The Communists seem to be worried that South Vietnamese forces in Cambodia will try to launch clearing operations from their for-

ward base at Krek along Route 7 to the Chup plantation after the monsoon rains slack off and the ground becomes solid enough to support South Vietnamese armor. The continued heavy shellings of South Vietnamese positions around Krek by elements of two Communist divisions possibly are intended to disrupt any such South Vietnamese plans.

[redacted] the Communists are constructing defensive positions along Route 7 near the Chup rubber plantation. Villagers in the vicinity apparently have been told to expect a "massive attack" soon from South Vietnam and [redacted]

[redacted] the enemy has begun to restrict pedestrian and vehicle traffic in the area. The Communists do not want Saigon's forces to penetrate their bases in the Chup-Dambe area, which they use to refit their units. With the dry season logistics push from North Vietnam about to begin, the Communists will need the Cambodian base areas to handle new supplies and manpower.



Beyond keeping the South Vietnamese away from their Cambodian base areas, the enemy may hope that operations in Tay Ninh will discourage Saigon from aiding Cambodian forces in any dry season offensive the Communists may launch against them. [redacted]

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## Cambodia: Democracy Disowned

The Lon Nol government took a significant step this week toward authoritarian rule when it turned the National Assembly into a constituent assembly and then declared a "state of danger," which in effect enables it to govern by decree. ~~First reactions to these moves indicate that the long-term costs may be high—as the division between the army and the civilians grows more pronounced and as the leadership loses the support of a number of respected and capable men who backed the ouster of Sihanouk.~~

Prime Minister Lon Nol's decision to form a constituent assembly clearly was taken to avoid any further dealings with a legislature that displayed the will to question and challenge his government. Under the new arrangement, assembly deputies have lost their power to interpellate ministers and to bring down the government. Now that the assembly is no longer in the government's way, it will soon begin implementing a badly needed and long-delayed economic reform program.

The constituent assembly's term of office extends for the time needed to adopt a new constitution. A number of the draft provisions of that document already are the subject of considerable controversy, indicating that it may be some time before the new draft can be promulgated. Among other things, a new constitution will require new elections, which many top leaders believe would be unwise under present conditions.

At midweek, Lon Nol, overreacting to growing civilian opposition to his move against the National Assembly, confirmed in a nationwide address that the government would henceforth rule by executive decree. ~~In addition to the domestic repercussions, the prime minister's ill-timed and maladroit remarks undoubtedly will~~

~~damage the regime's international standing. They have also given Sihanouk and the Communists a propaganda windfall.~~

Lon Nol's speech apparently was prompted by Buddhist demonstrations in Phnom Penh protesting the assembly's dismissal.

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Neither Lon Nol nor Sirik Matak appears inclined to give ground at the present time. Indeed, there is renewed talk about the imposition of press censorship, and Lon Nol has appointed General Thappana Ngin to take over the important Interior Ministry from In Tam, the ousted civilian leader. Ngin is the first professional military man to hold a key post under Lon Nol, and his appointment will increase fears that the army is taking over the government.

The power at the disposal of the regime's civilian critics is severely limited and the government should be able to have its way unless the Buddhists and the students—two fragmented groups—can somehow create more substantial opposition than they have managed thus far. The Buddhist demonstrations must have come as a personal blow to Lon Nol. It is possible he will decide that a placatory gesture to forestall a serious narrowing of his base of support may ultimately be as important in governing the country as the ability to impose economic and other measures by fiat.

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### South Korea: *Down But Not Out*

The government's tough measures against student protesters last week effectively ended two weeks of demonstrations but may have laid the groundwork for further violence in the months ahead. The students centered their protest on the requirement for military training on campus. An initially mild government response hardened as the protests spread and other issues, including corruption and economic difficulties, came to the surface. This culminated in an order from President Pak on 15 October authorizing police and army forces to seize and close Seoul's major universities and to arrest and conscript political agitators.

Pak's unprecedented measures were tempered by caution as he moved to minimize adverse reaction. Neither the opposition New Democratic Party, which defended the students, nor

any particular student organization was singled out for criticism. Pak instead took the safe course of claiming that Pyongyang's hostility and its efforts to manipulate South Korean students caused him to act. Nevertheless, Pak appears resolved to punish the students and thereby to demonstrate to the military and the public his ability to act decisively in maintaining order. More than 150 students have been expelled from their universities. The government has announced its intention to arrest protest leaders and may conscript as many as 10,000 students who violated the military training law. These measures will certainly give the protesters pause but at the same time will feed the discontent of the students who have real grievances. Many will view Pak's actions as excessive and they may serve to intensify domestic political pressures.

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## Philippines: *Marcos' Lease on Presidential Palace*

President Marcos apparently intends to extend his term of office beyond present constitutional limits, and this is provoking increasing opposition. The odds are still strongly in favor of Marcos eventually getting his own way, but politics in Manila is likely to get considerably more heated before the issue is resolved.

Under present circumstances, Marcos cannot legally continue in office when his second term expires in 1973. It is widely assumed in the Philippines that Marcos will try to manipulate the constitutional convention, which is now in session, into lifting the restraints on his tenure. Evidently resentful of being considered political instruments of Marcos, a majority of convention delegates a few weeks ago sponsored a resolution that would bar him from extending his term and prevent Mrs. Marcos from succeeding him. But the resolution is now languishing in committees and Marcos' lieutenants are busy lavishly entertaining convention delegates in an attempt to forestall further demonstrations of independence.

Although the direction in which he is headed is clear enough, Marcos is still holding his cards close to the chest. He has been exaggerating the threat posed by the urban left and the small Communist-oriented rural insurgency but has not yet explicitly stated that it will require his continuation in office. Mrs. Marcos, however, has been far less reticent. She told a US Embassy officer that her husband intended to stay in office until the "Communism issue was licked." She averred that, if necessary, Marcos would extend his term of office or she would become a candidate for the presidency herself.

The succession issue is not likely to move to the front burner until after the senatorial elections on 8 November. Marcos' Nacionalista Party is expected to capture six of the eight contested seats. The President has expressed confidence that he could get a clean sweep, but he appears to realize that such a show of political muscle would

be as counterproductive as the large vote he engineered for himself in the presidential election two years ago.

Even so, Philippine elections are always disruptive, and the current one is no exception. Political killings are already running ahead of the 1969 pace, and they will contribute to the political tensions that have been building as Marcos' future becomes the key issue in Philippine political life.

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Will it happen again?  
(Marcos and wife at second inaugural)

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**SECRET****USSR-France: Brezhnev Tests His Wings**

The scheduled visit of Soviet party chief Brezhnev to France on 25-30 October represents the apogee of the current round of world travels by Moscow's itinerant leadership. It marks, in effect, Brezhnev's coming out as a world leader, being his first visit to the West since he assumed his post as head of the party in 1964. Unlike Premier Kosygin's visit to Canada, which has a strong business and trade orientation, Brezhnev's trip appears primarily political in intent.

The visit is important to French President Pompidou, particularly in light of his desire to remain a prime mover in matters relating to East-West detente. For some time, Paris has been losing the headlines to Bonn in the detente field, and Pompidou is determined that Bonn's relations with Moscow will be neither firmer nor warmer than those of Paris.

European matters seem bound to dominate the discussions, and Brezhnev will probably lobby for an early convening of talks on troop reduction in Europe, which France opposes, and a conference on European security, which Paris favors.

The Soviets have been demonstrating a penchant for such agreements, and Brezhnev would doubtless like to come away from his visit with something concrete. The Franco-Soviet protocol on consultations signed in 1970 was the opening move in Moscow's recent drive to tie down friendship treaties or consultation agreements with non-aligned and Western countries—a drive that has produced results with Egypt, India and Canada, as well as France. It is possible that France might agree to a modified friendship treaty, but an agreement to strengthen the 1970 protocol or to expand economic ties seems more likely. In any case, Paris will have at least temporarily deflected the spotlight from West German - Soviet relations, and the Soviets will have focused attention again on their detente policies. They will also have made another effort at cultivating the more independent-minded of the NATO countries and will have to some degree countered the attention being given to Peking's foreign initiatives.

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**Soviet Politburo OKs Five-Year Plan**

Moscow announced on 17 October that the Politburo had met three days earlier and had approved the five-year economic plan (1971-75) and the 1972 state budget. The announcement was probably issued in part to quell foreign speculation that action was being delayed because of leadership disagreement. While talking with a group of US governors on 15 October, Premier Kosygin betrayed sensitivity on this score when he referred to the lack of objectivity of the foreign press and noted that he had spent all the previous day meeting to put the finishing touches on the plan. A query at a public lecture in Mos-

cow last month suggests that Soviet citizens also were raising questions about the plan.

The press statement on the meeting highlighted the Politburo's concern for consumer welfare, agriculture, and the development of the country's eastern regions, subjects emphasized by the plan draft directives and the party congress early in the year. These have been controversial issues, and as late as last May Belorussian First Secretary Masharov registered his disapproval of the attention being given to "consumerism." Announcement of the Politburo's action

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reinforces the leadership's commitment to the programs and should help to inhibit further public and private argument.

Publicity for the Politburo action pre-empts the public role of the Central Committee and the Supreme Soviet, to which the Politburo submitted the plan and budget for examination. Normally, these institutions consider economic

plans without prior public pronouncement by higher authority.

Kosygin told the governors that the Central Committee will take up the five-year plan next month. The leadership must also decide whether this meeting will bring changes in the Politburo's membership, which seemed foreshadowed when the responsibilities of Voronov, a Politburo member, and Solomentsev, a party secretary, were shifted last summer.

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### France: *Restless Youth in the Assembly*

The Gaullist majority in the French National Assembly remains solid, but there are signs of restlessness, especially among younger members. At its 13th annual party conference last month, the Gaullist Union of Democrats for the Republic demanded that the legislature be permitted to play a larger part in determining government policy. Prime Minister Chaban-Delmas, recognizing the need to satisfy the growing appetite of

the deputies for a bigger piece of the action, promised to take steps to improve working relations between the government and parliament.

The deputies' demands resulted from growing discontent over their isolation from the day-to-day affairs of the country. The deputies have felt handicapped in representing the interests of their constituents because parliament has often lacked access to necessary information. Some deputies at the conference, feeling that the government regarded their role as that of a rubber stamp, cautioned the regime against taking their unconditional support for granted. The Gaullist deputies called upon the government to adopt a policy of consulting primarily with the legislative majority, as opposed to special interest groups, when hammering out new programs to deal with social and economic problems.



Prime Minister Chaban-Delmas

Chaban-Delmas tried to appease the younger deputies by agreeing that both he and other members of his government would consult more frequently with them. He defended cooperation between the regime and professional groups as necessary in modern society, but pledged that he would give National Assembly commission presidents a greater role in drafting laws.

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So far, the government is following up on its promises of increased consultation. A delegation of deputies recently met with Interior Minister Marcellin to review the government's plans to deal with unrest in the police. In a further move, the prime minister reviewed his legislative plans with Gaullist commission presidents prior to the opening of the fall parliamentary session on 2 October.

It is doubtful, however, that the government's current efforts to pacify the deputies will

become permanent policy. The government has failed in the past to maintain promised dialogues with the legislature, and most of the orthodox Gaullists, such as Defense Minister Debre, continue to assert that the majority party's business is to oppose the opposition, not the government. With President Pompidou in firm control and with the legislative elections still 18 months away, the government is not under great pressure to satisfy the demands of the younger elements within the Gaullist party.

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### Yugoslavia: *Reform Breeds Reform*

The Yugoslavs, having adopted this summer some 22 amendments to the 1963 constitution, are planning to move to a second phase that is expected to result in a new constitution by the end of 1972. The venture risks again arousing nationalistic antipathies, but in its management of the program Belgrade will probably benefit from its experience in phase one.

Tito's decision to move so rapidly to widen the scope of the complex government reform grows out of his awareness that at 79 his time is limited. He probably estimates that the country's near brush with chaos during phase one has sobered the Yugoslavs enough to permit the country to move on to the next measures relatively painlessly. A thorough re-examination of the prevailing governmental system is, in fact, made necessary by the thrust of this summer's amendments, which endow the republics and provinces with substantial economic and political authority.

Signaling the opening of phase two, Belgrade has announced that next year the Federal As-

sembly will debate changes in the parliamentary system, the judiciary, and the economic and political roles of the communes. It will also consider the next stage in realizing "self-management," which prescribes local worker participation in production decisions as the theoretical basis for Yugoslav communism. Yugoslav workers consider that they have actually lost authority over the past decade to managerial and banking influences.

Even though public debate over phase one brought serious clashes of interest, it appears that Belgrade will subject the next phase to similar debate. This past spring, Tito cut off debate when it threatened to deepen the nation's rifts; he will probably do the same again if necessary. However, he believes that open and public discussion of the changes is required because he wants to create a system in which all Yugoslavs have a stake and which they will be willing to defend when he is no longer around to keep them together.

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**SECRET****Sweden: *Palme Primes the Pump***

Last week Prime Minister Olof Palme moved to boost the sagging Swedish economy and avert a possible political crisis.



During early 1970, skyrocketing consumer prices and a deepening trade deficit moved the Palme government to impose a temporary price freeze and credit measures aimed at raising short-term interest rates. As a result, by this spring consumer spending had slowed to an almost unprecedented degree. The decrease in domestic orders produced a decline in both industrial investment and capacity utilization. Industrial production suffered an unusual seasonal decline in the second quarter of 1971. Plant shutdowns and industrial layoffs have led to the highest unemployment figures since the 1930s.

A challenge to Palme's fiscal policies began to emerge over the summer. In August the bour-

geois opposition parties formed a special parliamentary committee to deal with the unemployment problem. Labor leaders leveled strong criticism at Palme during the congress of Swedish trade unions in September. Palme defended his program by cataloging recent marginal steps his government had taken to ease credit restraints, but refused to agree to major expansionary measures. Palme's cautious approach was based on his belief that stimulative measures would release inflationary pressures either this winter or in early 1972.

As a result, a conservative newspaper warned that a "solid front" would coalesce against Palme's economic policies if he permitted the situation to go unchanged. Palme reflected his frustration when he lashed out at the US in a television interview on 12 October, blaming US economic measures for Sweden's domestic economic ills.

Two days later, the government relented and announced a number of economic moves intended to check the recessionary trend by revitalizing Swedish business. The government will provide assistance totaling some \$400 million, primarily in the form of extended tax credits and government funds for investments. Some business leaders believe that the new measures do not go far enough and that the net effect will not be felt for some time.

Nevertheless, the measures, which reflect Palme's finer sense of political timing, should reduce pressure on the government for the time being. Furthermore, Sweden's favorable export balance—thus far running at 15 percent above last year—is expected to continue to outdistance any increases in imports due to rising domestic demands. A cyclical upturn in the economy normally occurs in the spring, and the government probably feels confident that its program will thus be vindicated.

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## Denmark: *Krag Gets Running Start*

Jens Otto Krag returned to power on 11 October as head of a minority Social Democratic government and lost no time in moving on foreign policy matters. Within the day, he had made arrangements to visit Oslo on 25 October in company with Foreign Minister Anderson and Trade Minister Norgaard for the purpose of coordinating policy on the recognition of North Vietnam and entry into the European Communities.



Recognition of Hanoi does not quicken the interest of the Danish public, but it is dear to the Social Democratic left wing and to the Marxist Socialist People's Party. Krag is dependent on the 17 deputies the Marxists have in Parliament. Norway probably will recognize Hanoi this fall, and

Krag has stated publicly that Copenhagen will follow suit by year's end.

Entry into the Common Market, on the other hand, is a controversial issue in both countries. Krag's government and Oslo are committed to joining, but both face considerable opposition in Parliament and among various interest groups.

Krag's most difficult task will be to cope with Denmark's economic problems. In his inaugural address to Parliament on 19 October, Krag called for an immediate temporary surcharge on imports, except for food and raw materials, to redress the balance of payments deficit. He admitted that the surcharge runs counter to international trade regulations, but cited the US and UK precedents. He has not, however, tipped his hand on other steps to combat inflation. One pointer may be his inability to recruit anyone into his cabinet from the powerful trade union federation. Federation leaders do not want to be tarred with what they fear will be an inevitable wage-restriction policy.

Cutting back the defense establishment is also high on Krag's list of priorities. Last year, his party drafted military reform proposals calling for a small professional cadre supplemented by locally organized conscripts, a 25-percent reduction in aircraft, and naval forces limited to motor-torpedo boats. The proposals ran into political as well as military opposition. Most controversial, from the NATO point of view, was the recommendation to cut back the term conscripts must serve from one year to five or six months. Krag has said he is willing to compromise with the opposition parties, but he has not yet moved to open negotiations.

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**SECRET****MIDDLE EAST-AFRICA****Sudan: Numayri Strengthens His Hold**

President Numayri, apparently more confident of his position, continues to consolidate his control of the government. He was installed as chief executive on 12 October, after receiving a heavy majority (98.6 percent of those voting) as the sole candidate in the presidential plebiscite in late September. The new cabinet, which he appointed on 14 October, contains only a few political appointees. The majority of the ministers come from university or technocrat-government backgrounds. The key security, interior, and defense positions have been filled by military men loyal to Numayri.

Two members of the Revolutionary Command Council, which was dissolved by Numayri on 12 October, have been demoted to less important positions. Former interior minister Ibrahim has been appointed minister of health, and former national security chief Abu Zayd has been named secretary general of the Sudanese Socialist Union. The two were deemed by US officials in Khartoum to constitute "significant potential opposition" to Numayri.

US officials on the scene believe that the new cabinet is the best in some years. In addition to the generally nonpolitical ministerial appointments, Numayri's personal staff has been greatly strengthened. These personnel changes were accompanied by a series of far-reaching decrees on

government reorganization, specifically defining the responsibilities of each ministry and office.

Numayri has appointed southerners as governors of the three southern provinces. The clear definition of their responsibilities as the true executors of government policy in their areas signals his intention to try again for a solution to the 16-year-old southern rebellion. The appointment of another southerner as one of three deputy presidents and a chief of staff who is known to be personally sympathetic to the rebel position also indicates that Numayri will implement a conciliatory policy toward the south.

Since the July coup and countercoup, Numayri's short-term prospects have significantly improved. His ability to maintain his pre-eminent position over the long term depends upon his success in balancing off the contending forces within Sudanese society, but more especially upon his ability to command the continued loyalty of the armed forces. Further support from this quarter could depend in part upon Numayri's ability to end the insurrection in the south. Although the new cabinet appointments appear to be a step in the right direction, previous attempts to persuade the southern rebels to accept northern rule, even with some form of local autonomy, have met with failure.

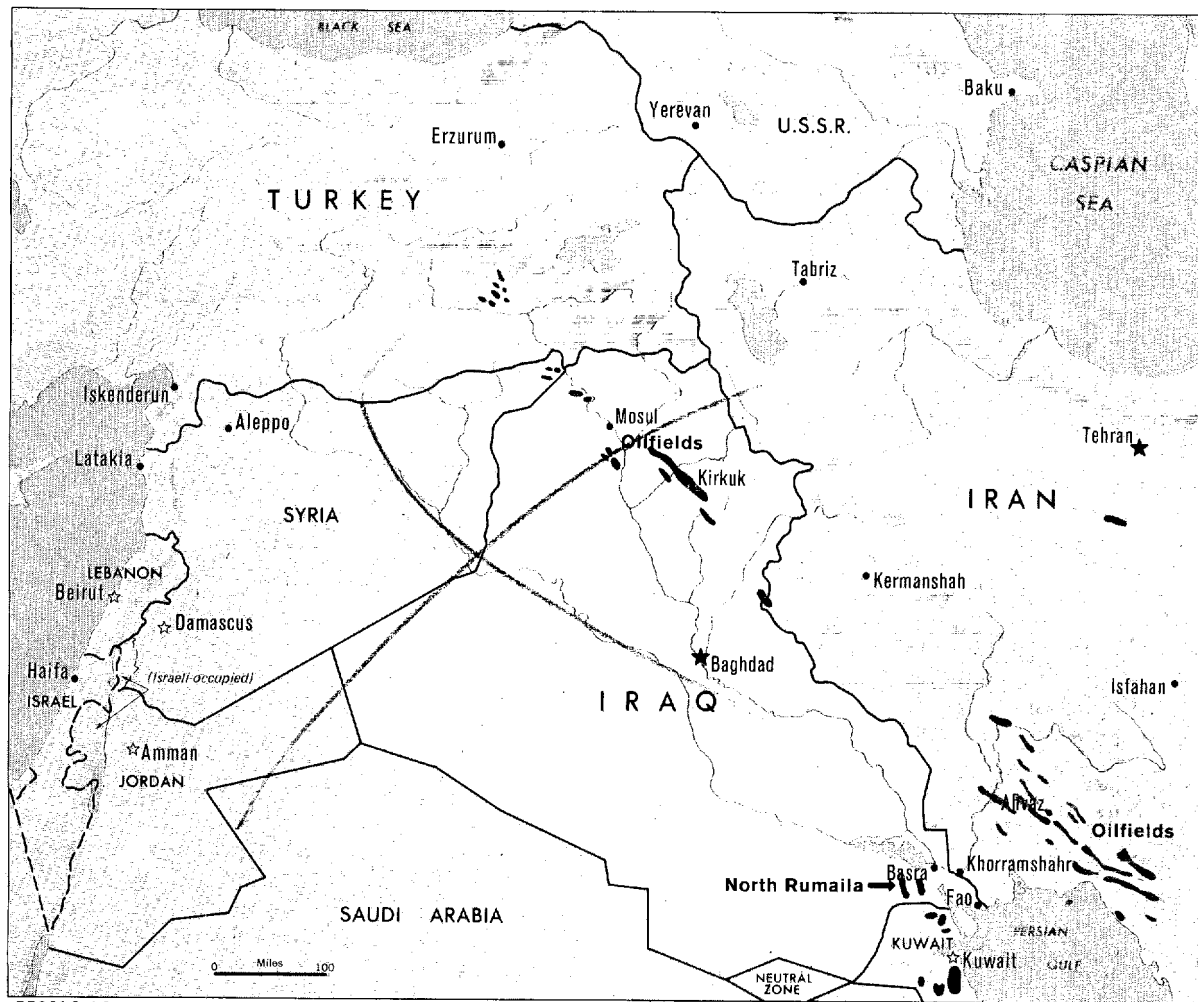
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**Progress in Iraqi National Oil Industry**

Iraq will start exporting oil from its own wells for the first time early next year. In the next few years, several oil fields will be developed with Soviet and Hungarian aid, and a number of pipelines and refineries will be completed. This should establish a viable national oil industry for Iraq.

The first stage of the large North Rumaila field should be completed shortly, and Iraq will then be able to produce about 5 million tons of oil annually on its own account. Earlier this year, the Soviets reaffirmed their commitment to work on the field's second stage, which is expected to raise production to around 20 million tons

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annually by 1974. Plans also call for development of several small oil fields.

Iraqi refining capacity is being expanded with Soviet and Czechoslovak assistance and should exceed 8 million tons annually by 1975. Prague is building a refinery with an annual capacity of 3.5 million tons at Basra. As part of a new credit, the Soviets earlier this year agreed to construct a refinery at Mosul to refine 1.5 million tons per year.

Iraq has announced recently that the Soviet-built oil pipeline between North Rumaila and Fao has been completed; it will move oil from North Rumaila to the Persian Gulf. The Soviets also are to study the feasibility of a pipeline between Baghdad and the Basra refinery. Construction would be in two stages; the first would be completed in 1975, after which construction would begin on the segment linking Baghdad with the refinery at Mosul. In addition, the Iraqis have discussed construction of a pipeline nearly 800

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miles long from North Rumaila to the Mediterranean through Syria. An Italian firm has completed surveys on the pipeline route in Iraq and, according to a recent press report, Syria apparently has allowed the survey to begin on its side of the border. The USSR has stated its willingness in principle to help in the construction of this pipeline. The Iraqis also have decided to lease

an unknown number of tankers from the USSR and to purchase seven from Spain.

Output from the various oil fields held by the Iraqi National Oil Company will provide Iraq with a way to repay most of the Communist aid extended for petroleum development as well as for some aid to other sectors, and possibly to earn some foreign exchange as well. [REDACTED]

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### Ceylon-USSR: *Strains in Relations*

Ceylon's relations with the Soviet Union have come under stress in recent months. Prime Minister Bandaranaike's growing disenchantment with Moscow has been set off by several things. One source of friction was sharp dealing by the Soviets last summer in their tea trade with Ceylon. Mrs. Bandaranaike's government discovered that the USSR and other Eastern European countries were earning foreign exchange by reselling Ceylonese tea to some of Colombo's traditional customers at bargain prices. Subsequently, the Soviets did not make matters any better by buying a disappointingly small amount of tea at auctions in Colombo.

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The treaty concluded in August between India and the USSR has also contributed to Ceylonese suspicions of Soviet designs in the area. Mrs. Bandaranaike reportedly turned down a later Soviet offer to enter into a similar agreement.

The two countries signed a fisheries agreement in mid-August which provided for Soviet technical assistance to Ceylon's fishing industry. In exchange, the USSR's deep-sea trawlers were authorized to use the port facilities at Colombo and Galle. However, Mrs. Bandaranaike's government signed the agreement with some reluctance. The agreement left many details to be ironed out in further negotiations and did not fulfill Moscow's hope that Soviet ships would be given access to other Ceylonese ports.

Meanwhile, Mrs. Bandaranaike has recently underscored her enthusiasm for nonalignment and her desire to exercise a leadership role among the nonaligned. Last week, in proposing to the UN General Assembly that the Indian Ocean be declared a demilitarized zone, she reiterated her distaste for power blocs and her belief that small states such as Ceylon should remain outside them. [REDACTED]

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**Burundi: *The President Strikes Back***

President Micombero has made his first move to counter a bid for power by a radical faction within his government that has been attempting to isolate him and assume political control.

On 19 October, the President established a Supreme Council of the Republic, composed entirely of military officers, including the army commander, and presided over by Micombero. The council is charged with aiding the President in his mission as head of state and is aimed, according to the announcement, at those who "sacrifice the common good to personal interest and try to create false problems."

By establishing such a council, Micombero has enlisted strong support against the growing power of a radical faction led by Foreign Minister Simbananiye and Justice Minister Shibura. This faction opened its bid for power in July when it played on Micombero's fears of a coup in order to engineer the arrests of a number of moderate officials, including such ranking officers as the ministers of economic affairs and information, on charges of plotting against the government. The trial of the "plotters," now in its second week, has reflected the determination of the radicals to

purge their moderate political opponents. Although little persuasive evidence has been presented, confessions were forced from the principal defendants and were difficult to repudiate.

The radicals apparently overplayed their hand, however, by pushing for a resumption of diplomatic relations with Peking after a six-year freeze, despite Micombero's earlier objections. The acceptance of the credentials of the North Korean ambassador after a five-month delay, during which Micombero considered expelling the North Korean mission for propagandizing among Burundi's leftist youth, also reflected the radicals' influence.

Micombero apparently plans to push the radicals into the choice of either backing down or making an all-out attempt to oust him, something the army would not tolerate. Although Simbananiye and Shibura have increased their power significantly in recent months, it is unlikely that they could succeed in an ouster attempt although they might see no other choice open. Now that Micombero is asserting himself, a cabinet reshuffle seems likely in the near future.

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UN - SOUTH-WEST AFRICA: The Security Council on 20 October adopted a resolution concerning the problems posed by South Africa's continuing control over South-West Africa in defiance of the UN. The council action was occasioned by the Africans' desire that the international community follow up the International Court of Justice's advisory opinion last June upholding the UN position. The resolution, sponsored

by the Africans, agrees with the Court's ruling and says that Pretoria's continued refusal to withdraw would endanger regional peace and security. A second resolution still under review calls on South Africa to negotiate with the UN to give self-determination to the territory's inhabitants. Pretoria is unlikely to respond positively to either.

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## WESTERN HEMISPHERE

## Balaguer's Masterstroke

President Balaguer's unexpected order of 14 October to Generals Enrique Perez y Perez and Neit Nivar Seijas to exchange jobs has disconcerted the opposition and improved the President's position.

The President was prompted to name Nivar chief of police and to turn Nivar's First Brigade over to Perez primarily to curtail Nivar's maneuvering for influence. Moreover, by naming a new police chief, Balaguer was able to show that the government was taking action to control terrorism, particularly that perpetuated by La Banda, a quasi-official counter-terror organization believed to have been sponsored by the police.

General Nivar's disquieting maneuvering to protect his extensive financial interests by extending his influence and improving contacts looked, in the Dominican context, very much like political empire-building. The depredations of La Banda and press allegations—rightly or wrongly—that it was responsible for the murder by terrorists of five young Dominicans on 8-9 October brought the issue of terror and La Banda to the fore again. Steady pressure from the political opposition to discredit the Balaguer government by publicizing its reliance on

terror also had to be relieved. La Banda, whose existence and activities were undoubtedly known to the President in broad outline if not in specific detail, had become an encumbrance that the government needed to shed.

Nivar [redacted]

[redacted] has gracefully accepted his unexpected appointment and has already made several changes in the police that have won him a favorable press. By appointing General Perez to the First Brigade, President Balaguer has shown unimpaired regard for Perez and has put the country's best military unit under the command of a loyal, able, and apolitical officer. The transfers are interpreted [redacted] as a move to curtail Nivar's power, and they have been well received in the military as a whole. For the moment, the political opposition is deprived of its principal issue.

This masterstroke has unquestionably strengthened the President's position [redacted]

TRINIDAD-TOBAGO: Eric Williams declared a state of emergency on 19 October after weeks of labor unrest. Several members of an allegedly radical and black-power oriented labor union have been detained following a destructive demonstration that caused a US-owned construction company to close down operation on 13 October. The relatively mild conditions of the state of emergency have not so far disrupted routine activities on the islands and the arrests have not provoked protest.

The local press responded to the US company's abrupt withdrawal with demands that the govern-

ment straighten out the chaotic labor situation. Williams' move may therefore be generally popular, especially if the government follows up by implementing long-needed measures to curb irresponsible labor elements. The National Joint Action Committee, a black militant organization, is the most likely source of violent reaction to the state of emergency; the committee's chairman, Geddes Granger, has been detained. The security forces, particularly if they are backed by public approval of the Prime Minister's action, are believed equal to any challenge from this quarter. [redacted]

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## International Developments

*More Oil Talks*

The Organization of Petroleum Exporting Countries is trying to secure greater revenues to offset the de facto devaluation of the US dollar. Recommendations in this direction were drawn up last week at a meeting in Vienna of central bankers from the 11 member states. The bankers' recommendations will guide OPEC members in their talks with the oil companies. The first showdown will be between the Persian Gulf OPEC members and Western oil companies operating in that area. The ministers of finance from Kuwait and Iran will represent the gulf members. They will seek a ten-percent increase retroactive to 15 August in posted prices—an artificial price used to determine government revenues. Lengthy negotiations are likely to ensue. A progress report on discussions is scheduled for the next OPEC ministerial meeting on 7 December. The oil companies will probably resist the demands and prolong the negotiations as long as possible. Their initial position apparently will be that any OPEC effort involving price adjustment would violate the five-year revenue pacts signed this year.

The other complicated and contentious issue—OPEC's demand for "participation" (the OPEC term for ownership) in Western oil company operations within member countries may be deferred temporarily. It, too, is likely to involve a long period of contentious negotiations once discussions begin. Libya seeks 51-percent ownership, Nigeria one third, and the Persian Gulf states about 20 percent. OPEC members provide almost all of the oil imports for West European nations and Japan, and about 60 percent for the US. This leverage may well force the oil companies to compromise on both issues.

*More Monetary Talks*

Talks were held this week by a working party of the Organization for Economic Cooperation and Development and by deputy ministers of the Group of Ten to find mutually acceptable means of reversing the large US balance-of-payments deficits. The talks succeeded only in illuminating widely conflicting national viewpoints.

Although significant agreements were not expected from these talks (the officials attending were empowered with minimum negotiating authority), the participants were charged to pave the way for the more important meeting of their chiefs in mid-November. The magnitude of the differences that emerged from the talks, however, has clouded hopes that an agreement satisfactory to the US can be reached before the end of the year.

The main obstacles to agreement are two-fold. First, there is unanimous feeling among the other governments that the size and nature of the adjustment asked by the US is too great. They reject an over-all \$13-billion turnaround on its current account, in part because such a formula aims at strengthening the current US balance-of-payments account without requiring the US to impose controls over long-term capital outflows. Second, there are, not surprisingly, serious differences of opinion among the other countries regarding the relative shares they should assume of any adjustment to improve the US position. West Germany and Japan acknowledge responsibility for undertaking adjustments to reduce their surpluses. France and the UK argue that any adjustment should result in an improvement in their own balance-of-payments position.

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